

MONTANA LEGISLATIVE HISTORY

Chapter 673 19 85

Bill H _____ S 291 Original bill & history C

H. Committee on Local Govt

Hearing Date(s) Mar 21 ✓ C

Apr 18 ✓ C

_____ C

_____ C

Date Out Apr 18 ✓ C

S. Committee on Local Govt.

Hearing Date(s) Feb 19 ✓ C

Feb 21 ✓ C

_____ C

_____ C

Feb 21 ✓ C

Did this bill originate in an interim committee? Yes No

Committee _____

Report _____

SENATE FINAL STATUS

3/19 2ND READING CONCURRED 96 0
 3/25 3RD READING CONCURRED 97 0
 RETURNED TO SENATE
 3/26 SIGNED BY PRESIDENT
 3/26 SIGNED BY SPEAKER

3/26 TRANSMITTED TO GOVERNOR
 3/29 SIGNED BY GOVERNOR
 CHAPTER NUMBER 211 EFFECTIVE DATE: 10/01/85

INTRODUCED BY H. HAMMOND, SHAW, ET AL.
 STATE AUDITS OF MUNICIPALITIES ON FIRST-, SECOND-,
 THIRD-CLASS CITIES ONLY

1/31 INTRODUCED
 1/31 REFERRED TO LOCAL GOVERNMENT
 2/19 HEARING
 2/21 COMMITTEE REPORT-BILL PASS AS AMENDED
 2/23 2ND READING PASS 49 0
 2/25 3RD READING PASS 48 0

TRANSMITTED TO HOUSE
 2/27 REFERRED TO LOCAL GOVERNMENT
 3/21 HEARING
 4/19 COMMITTEE REPORT-BILL CONCURRED
 4/20 2ND READING CONCURRED 92 2
 4/22 3RD READING CONCURRED 88 5

RETURNED TO SENATE
 4/26 SIGNED BY PRESIDENT
 4/30 SIGNED BY SPEAKER
 4/30 TRANSMITTED TO GOVERNOR
 5/06 SIGNED BY GOVERNOR
 CHAPTER NUMBER 673 EFFECTIVE DATE: 10/01/85

INTRODUCED BY NEUMAN, STIMATZ, ET AL.
 REVISE & CLARIFY MANDATORY LIABILITY INSURANCE LAW
 BY REQUEST OF MOTOR VEHICLE DIVISION

1/31 INTRODUCED
 2/01 REFERRED TO JUDICIARY
 2/15 HEARING
 2/15 COMMITTEE REPORT-BILL DO PASS
 2/18 2ND READING PASS 50 0
 2/20 3RD READING PASS 49 0

TRANSMITTED TO HOUSE
 2/27 REFERRED TO JUDICIARY
 3/15 HEARING
 3/15 COMMITTEE REPORT-BILL CONCURRED
 3/19 2ND READING CONCURRED 94 1
 3/21 3RD READING CONCURRED 97 0

RETURNED TO SENATE
 3/26 SIGNED BY PRESIDENT
 3/26 SIGNED BY SPEAKER
 3/26 TRANSMITTED TO GOVERNOR

February 19, 1985

Senator Eck asked Senator Towe if he could foresee any possibility of a development such as the one he mentioned coming up without having the five years notice. Senator Towe said while we probably would have enough notice, we still need to establish the formula as a method of protection.

Senator Mohar expressed concern about leaving the authority for developing the formula with the Department of Commerce. Senator Towe said the formula is the formula used by the Congressional Budget Office and that nobody seems to have any difficulty with the figures used in the formula.

The hearing was closed on SB 285.

CONSIDERATION OF SENATE BILL 291: Senator Swede Hammond, District #9, is the sponsor of this bill. This bill was introduced to limit State-mandated audits of municipalities to first, second, and third class cities.

PROPOSERS

Alec Hansen, representing the Montana League of Cities and Towns, spoke in favor of the bill. He said it is not reasonable that a small town in Montana should spend half of its budget on audits. He realizes that there may be some problems in meeting federal audit requirements. This should, however, not be a major cost of a small town budget.

Rick Lawrence, Superintendent of Schools in Dodson, spoke in favor of the bill. He said audits are a financial burden and they cannot afford them.

Bill Verwolf, representing the Montana Municipal Clerks and Finance Officers Association, stated his support of the bill.

OPPOSERS

Sandra Whitney, representing the Montana Taxpayers' Association, spoke in opposition to the bill. Her written testimony is attached as Exhibit H to these minutes.

Don Dooley, representing the Department of Commerce, spoke in opposition to the bill. His written testimony is attached as Exhibit I to these minutes.

Senator Fuller opened the hearing for questions.

Senator McCallum asked Mr. Dooley if towns could use a CPA without permission from the Department of Commerce. Mr. Dooley said they could.

February 19, 1985

Senator Harding asked Mr. Dooley what he would suggest to keep the high cost of the audits down. Mr. Dooley said if the water and sewer departments paid their portions of the audits, it would spread the costs among the various revenue sources.

Senator Pinsoneault asked Mr. Dooley how many years had to be covered by an audit. Mr. Dooley said audits are required every two years and some communities ask for an annual audit.

The hearing was closed on SB 291.

CONSIDERATION OF SENATE BILL 325: Senator Fred Van Valkenburg, District #30, is the sponsor of this bill. The bill was introduced to establish a permissive statewide emergency telephone system, to provide for a state plan, to provide for telephone industry coordination, to provide for coin telephone conversion, to provide for funding of the system by levying a telephone fee, and to provide an effective date.

Senator Van Valkenburg distributed a fact sheet regarding SB 325. It is attached as Exhibit J to these minutes.

PROPOSERS

Iona Baertsch, representing the 911 Center in Missoula, spoke in favor of the bill. She said the bill would provide one access number statewide for emergency services. This is the same number that is used nationally. Some states have statewide coverage of 911 funded in the same manner as proposed in this bill. She played a recording of an incident that took place in Missoula when a child called 911 after seeing a stranger in her yard.

Martin Stefanic, Chief of Police in Kalispell, spoke regarding the bill. While he supports the concept of the bill, he does not feel that the fee of twenty five cents per phone line will cover the cost of the proposal. He also feels the bill would expand bureaucracy by having the administration of the proposal at the state level. He said it should be kept at the local level where the state will not be keeping seven percent of the funding for administration.

Ellen Feaver, representing the Department of Administration, spoke in favor of the bill. She said the Department would like to go on record as supporting the bill.

Larry Petersen, representing the Montana Board of Crime Control, spoke in favor of the bill. His written testimony is attached as Exhibit K to these minutes.

Barry Hjort, representing the Montana Emergency Medical Association, state his support of the bill.

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE SENATE

February 21, 1985

The fourteenth meeting of the Local Government Committee was called to order at 12:30 p.m. on February 21, 1985 by Chairman Dave Fuller in Room 405 of the Capitol Building.

ROLL CALL: All members were present.

ACTION TAKEN ON SENATE BILL 285: Senator Regan said another bill will allocate coal interest money for school districts and highways and that should be the bill that is considered. She said a joint resolution will also be introduced to ask for a study of the coal impact program.

Senator Regan moved the Committee recommend a DO NOT PASS on SB 285. The motion passed with Senator Eck voting no.

ACTION TAKEN ON SENATE BILL 279: Senator Regan moved the Committee recommend a DO NOT PASS on SB 279. The motion failed with a tie vote. Senators Crippen, Eck, Mohar, Regan, and Fuller voted yes. Senators Harding, Hirsch, McCallum, Pinsoneault, and Story voted no.

Senator Regan moved that SB 279 be tabled. The motion passed with Senators Story, McCallum, Pinsoneault, and Harding voting no.

ACTION TAKEN ON SENATE BILL 291: Karen Renne explained the proposed amendments to SB 291. The proposed amendments would change the bill to exclude only towns with a population of less than three hundred from audits.

Senator Mohar moved the Committee adopt the proposed amendments. The motion passed unanimously.

Senator Mohar moved the Committee recommend a DO PASS on SB 291 as amended. The motion passed unanimously.

ACTION TAKEN ON SENATE BILL 118: Senator Regan suggested the bill be amended to make it optional for county commissioners to offer the additional money for additional duties and to make the amount "not to exceed two thousand dollars", rather than exactly two thousand dollars.

Senator Regan moved the Committee adopt the proposed amendments. The motion passed unanimously.

Senator McCallum moved the Committee recommend a DO PASS as amended on SB 118. The motion passed with Senator Mohar voting no.

STANDING COMMITTEE REPORT

FEBRUARY 21

19...

MR. PRESIDENT

LOCAL GOVERNMENT

We, your committee on.....

SENATE BILL

having had under consideration.....

No. 291

FIRST

reading copy (WHITE)
color

STATE AUDITS OF MUNICIPALITIES ON FIRST, SECOND, THIRD
CLASS CITIES ONLY

SENATE BILL

Respectfully report as follows: That.....

No. 291

be amended as follows:

1. Title, line 5.
Following: "TO"
Strike: "FIRST-, SECOND-, AND THIRD-CLASS"
2. Title, line 6.
Following: "CITIES"
Insert: "AND TOWNS HAVING A POPULATION OF MORE THAN 300"
3. Page 1, lines 13 and 14.
Following: "and-towns"
Strike: remainder of line 13 through "class" in line 14
Insert: "and towns having a population of more than 300 in
the most recent census taken under the direction of
congress"

AND AS AMENDED

DO PASS

~~XXXXXXXXXX~~
~~DO NOT PASS~~

Senator Dave Fuller

Chairman.

MINUTES OF THE MEETING
LOCAL GOVERNMENT COMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

March 21, 1985

The meeting of the Local Government Committee was called to order by Chairman Paula Darko on March 21, 1985 at 4:00 p.m. in Room 312-2 of the State Capitol.

ROLL CALL: All members were present. Rep. Brown arrived late.

CONSIDERATION OF SENATE BILL NO. 291: Sen. Hammond of District 9, Malta, appeared before the committee as sponsor of the bill. This is a bill to limit the state mandated audits of municipalities to towns and cities above a population of 300. He explained that this bill has been amended in the Senate committee, that cities and towns under 300 would be exempt. Prior to that, he had suggested it be the 4th class cities and towns. In his area, seven towns were incorporated years ago and they have water and sewer systems that they need to maintain. The audits will cost a lot, and they are allowed to levy 65 mills. They have no way of keeping money from one year to the next. One year it took 33 of the 65 mills. It has gotten beyond what the people can bear.

PROPOSERS: Alec Hansen, representing the League of Cities and Towns, stated they support SB 291. This bill will cover approximately 27 of the small towns of Montana. These towns spend an extraordinary amount of their budget to comply with the audit. This is a reasonable amendment because it deals with the problem where it is most serious. The little towns don't have the money to comply with these problems. He hoped the committee would agree to pass this bill.

Bill Verwolf, representing the city of Helena, and the Montana Municipal Clerks, Treasurers and Finance Officers, said for the reasons stated, they support this bill.

OPPOSERS: Sandra Whitney, representing the Montana Taxpayers Association, presented written testimony (exhibit 1) which she read to the committee. She requested this bill be killed, or amended as suggested in exhibit 1, so that accountability for all public funds is guaranteed.

Don Dooley, representing the Department of Commerce, Helena, also presented written testimony (exhibit 2) in opposition to this bill. He said he concurs with the statement from the Montana Taxpayers Association. The purpose of the hearing today is that the money set aside to pay for the audit is used for other purposes. He asked the committee to not pass HB 291.

DISCUSSION OF SENATE BILL NO. 291: Rep. Pistoria told Sen. Hammond that in this bill, if the state would cost too much money, he knows it is in the law that they can go to a CPA for an audit. Sen. Hammond said he has never seen this. Rep. Pistoria said there are many cities in the state that do have private CPAs at their choice to do this.

Rep. Switzer commented on Rep. Pistoria's questions. There are a number of towns marked with an asterisk on the Summary of Town Audit Costs presented by the Department of Commerce (exhibit 2), which say they were CPA audits. He asked Sen. Hammond if he had any objections to the suggested amendments of the Montana Taxpayers Association. Sen. Hammond replied that those who have federal funds should be audited. Dodson does have the Community Assistant Federal Block Grant. There are many that don't have this. Rep. Switzer asked if that large amount of grant money that Dodson got has anything to do with the indian reservation. Rep. Hansen said the Community Block Grant is awarded by the federal government, and they are awarded on a competitive basis. That money is either on a one or two year basis and they will not have it next year.

Rep. Pistoria then asked Mr. Dooley of the Department of Commerce if it isn't true that they do have a choice of either going to the Department of Commerce or to hiring a CPA. All they would have to do to go to this department is to sign a report. Mr. Dooley replied yes, they do provide the entity. They have a standard contract between themselves and a private CPA, and they have eight certified public accountants.

In closing, Sen. Hammond told the committee that in one of the towns, it took 175 hours to locate \$3,000 that the auditor said was owed to the FHA, which had been paid. Many of the little towns are a long ways from where certified public accountants are available and they are not very handy to bring in. That may have something to do with why certified public accountants have not been used in these areas. In the Dodson area there is an indian reservation close by, and probably some of this money was spent in this way, but he didn't know for sure. The price of an audit has grown from \$820 in 1977 to \$4,250 at present. It has been suggested that money should be saved from one year to another, but that is a pretty expensive thing they are trying to do. He ended by saying he hopes the committee would concur and pass this bill as these towns really need it.

Sen. Hammond said Wayne Compton would carry the bill; however, Rep. Switzer volunteered to carry it.

CONSIDERATION OF SENATE BILL NO. 278: Sen. Boylan of District 39, appeared as chief sponsor of this bill. He said this is a pretty simple little bill, an act authorizing the city police to dispose of abandoned vehicles seized on city streets. He

Rep. Darko asked what the total levies are for those items which he mentioned. Rep. Sales listed the various services and their levies, and Rep. Darko said she came up with 56 mills for all of them. Rep. Sales said he likes the idea of this but if they don't talk about all of them, he felt this was a bad bill.

Rep. Brandewie made a substitute motion TO TABLE the bill, seconded by Rep. Sales. Question being called for, motion PASSED, with Rep. Fritz, Rep. Hansen, Rep. Kadas and Chairman Darko voting "no".

Chairman Darko suggested to those who have further interest in this bill to bring back amendments and the committee would try to take it off the table.

DISPOSITION OF SENATE BILL NO. 291: Rep. Sales made the motion of BE CONCURRED IN, seconded by Rep. Fritz.

Rep. Pistoria felt it would be going against the Constitution to pass this bill, and said he was not going to vote for it.

Rep. Sales said most of the big money that shows up in the small towns aren't from special grants. The audit requirements would take precedence over this section. If those grant monies have to be audited, he would just as soon let the rest of the day to day problems go.

Rep. Switzer felt that a lot of these little towns are being audited by certified public accountants now and the prices don't look too much out of line.

Rep. Kadas said that in looking over the Department of Commerce testimony and percentage of cost of audits to total receipts, no one is over 5%. He wondered if amendment #2 wouldn't do the trick. Therefore, Rep. Kadas moved amendment #2, seconded by Rep. Sales. Rep. Fritz proposed to combine those two Montax amendments. Rep. Kadas then moved to amend the amendments.

Rep. Wallin asked if there was any time when they get money from the DNRC, to which he was answered "yes".

Rep. Pistoria said it does cost a lot more for the state to do this than to have an independent CPA do the audits; therefore, he felt this was not needed.

Rep. Sands wondered if Sections 4 and 5 on page 2 of the bill, which deal with special audits and is part of the Montax amendment, is a necessary part of this amendment. Rep. Fritz felt it was not. Rep. Sands suggested asking the sponsor to delete the amendment.

and this was seconded by Rep. Pistoria, who wanted to have the constitutionality of it checked out.

Question being called for, motion CARRIED, with Rep. Sands, Rep. Fritz and Rep. Wallin voting "no".

Rep. Brandewie stated he would like to have Lee Heiman check this and he would like to see amendments on Saturday.

Rep. Fritz then presented the two local option tax bills, which a Subcommittee had been charged to work on. These were HB 804 and HB 393. Rep. Fritz explained that they have brought to the committee an amended local option hotel-motel tax bill, which they have worked out with some of the imkeepers in Yellowstone county, with the concurrence of the sponsor, Rep. Waldron. They have a gray bill, and one of the new points of the bill is 15% of the tax collected is to be given back to the community. HB 804 provides an enabling act and lists the different kinds of local option taxes that can be levied, which he named. He said there are two broad based local option taxes, income tax and sales tax. Rep. Fritz told the committee they have two all-inclusive bills before them and they should be the basis of their discussion.

Written testimony was submitted by Kay Foster, city council-member from Billings, in support of legislative authorization of local option taxing authority with local voter approval. This is attached as exhibit 1.

Chairman Darko thanked the Subcommittee for all the work they had done on the bills.

DISPOSITION OF HOUSE BILL NO. 804: Rep. Hansen made the motion of DO PASS, seconded by Rep. Kitselman.

Rep. Switzer asked Rep. Fritz if all of those amendments weren't a complete bill itself. Lee Heiman explained that HB 393 has a gray bill attached, and he just changed the language on HB 804.

Rep. Sales moved the amendments, and Rep. Kadas seconded the motion. Rep. Fritz stated Lee Heiman has provided a list of amendments, which is attached as exhibit 2.

Rep. Gilbert asked what is the difference between payroll tax and income tax. Chairman Darko told him this was explained on page 2 of the amendments. Lee Heiman explained that a payroll tax is \$2.50 which is deducted from an employee's payroll check every time a check is issued. It is a schedule of flat fees, as opposed to the income tax. Rep. Gilbert said they did not want both of these in the bill.

Rep. Gilbert then asked if the taxes listed in the amendment

MONTANA TAXPAYERS Association

P O BOX 4909

1706 NINTH AVENUE

HELENA, MONTANA 59604



406 442-2

March 21, 1985

To: House Local Government Committee

Re: Senate Bill 291 - An act to limit state-mandated audits of municipalities to cities & towns having a population of more than 300.

Mr. Chairman & Members of the Committee:

For the record, I am Sandra Whitney from the Montana Taxpayers Association.

Senate Bill 291, as it has been amended, now refers to only the smallest incorporated towns in the state. We are talking about 26 towns, each levying less than \$20,000, but, combined, levying taxes this year exceeding \$213,000. We are talking about towns from Rexford, levying 16.5 mills for municipal purposes, to Westby, levying 125 mills, to Dodson levying 65 mills or \$6,955.

Since Dodson has been used as an example of why this bill is needed, I would like to present some pertinent data. For fiscal 1985, Dodson's general fund budget is \$14,803. This includes not only money raised by taxes, but it includes \$3992 in re-appropriated cash, and \$3857 in non-property tax revenue. Dodson has also budgeted over \$23,000 for water & sewer, \$915 for police training, and has available to it \$379,097 in Federal Community Development Block Grant money and Federal Revenue Sharing. The amount Dodson raises in property taxes is less than 2% of the money available to the town.

The Montana Constitution, Article VIII, Sec. 1.2 states, "The legislature shall by law insure strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local government entities." Montana law, section 7-1-4111 defines a town as a municipal corporation having between 300 and 1000 people.

The Montana Taxpayers Association wishes to point out that Dodson and these other small towns do fall under this section of the Constitution, even though they are not strictly towns as defined in Montana Code Annotated. They are certainly local government entities receiving and spending public money, and all are listed in the Directory of Municipal Officials published by the Montana League of Cities & Towns. Therefore, simply removing these "towns" from state mandated audits is clearly unconstitutional.

Dodson's last audit, which was for three years, cost them \$4250. That amounts to \$1417 per year, or 3 tenths of one percent of the \$443,216 expected as current-year revenue. We maintain that, in Dodson's case, that is not an exorbitant charge to ensure accountability of public funds as demanded by the Montana Constitution - and incidentally, by the Federal government, as the Feds require an annual audit when a government entity receives more than \$100,000 in combined Federal funds.

We do recognize that, for whatever reason, a small town audit can consume a disproportionate share of its budget. We suggest that this bill could be amended by phrasing sub-section 1(b) to read:

1. "incorporated cities and towns, except that towns having a population under 300 may request an audit by an independent accountant or auditor pursuant to section 2-7-506 MCA. The department shall grant that request;

OR

2. "incorporated cities and towns, except as provided in subsection (7)";

(7) Except as herein provided, the department may not audit a town having a population less than 300 if that town has annual revenue from all sources less than \$100,000, and if it receives Federal Funds in an amount less than that amount for which the Federal government requires an audit. The governing body of such a town shall annually file a financial statement pursuant to section 7-6-4111, MCA

The department may conduct a special audit as provided by subsections (4) and (5) of this act.

You have the Constitutional responsibility to guarantee that all public money is accounted for. If there is a problem with small towns with small amounts of funds, then it seems logical to guarantee accountability some other way. Wording like either amendment suggested could do that and still reduce the cost to the town.

We respectfully request that you kill Senate Bill 291 as unconstitutional, or amend it so that accountability for all public funds is guaranteed.

Thank you.

3-21-85
Sen. Hammer

BY THE DEPARTMENT OF COMMERCE ON SENATE BILL NO. 291

Mr. Chairman and members of the Committee:

I represent the Department of Commerce, and appear today to provide the Committee with the Department's perspective as to the audit of Montana town governments, primarily the State's interest in such audits and their cost.

Montana's Constitution, Article VIII, Section 12, requires that "(T)he legislature shall by law insure strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local governmental entities." The audits performed by the Department of Commerce, or by certified public accountants under contracts with the Department, fulfill this requirement for local governments by reporting on the accuracy of towns financial statements and by testing for compliance with a multitude of state laws and regulations.

In addition to the constitutional requirement for strict accountability, current federal law requires comprehensive financial/compliance audits to be conducted of certain entities which receive federal funds, including revenue sharing, community development block grants and environmental protection agency grant funds. At the local level, towns which issue revenue bonds to fund water or sewer projects are required by their bond underwriters to have regular audits of their enterprise fund operations.

The audit costs for towns, as well as for other local governments, have increased in recent years, due in part to the elimination of State general fund support for the municipal audit program. Even with these increases, the cost of audits for towns does not appear unreasonable when compared to the total cash receipts for the various towns. As detailed on the attached schedule, the cost of town audits has averaged 0.65% of the towns' total cash receipts for the periods being audited.

maintained records; erroneous, incomplete or missing financial investigations into possible misuse of funds; the provision of technical assistance; and training of town financial personnel. Whatever the ultimate cost of the audit, some towns pay the entire fee out of the town all-purpose general fund. This unfairly burdens that fund, which in most towns is at the maximum allowable tax levy. The audit costs should properly be allocated to not just the general fund, but also to the enterprise funds (water and sewer operations) and to revenue sharing and federal grant funds, where applicable.

The Department has attempted to conduct audits in as cost-efficient a manner as possible, while meeting generally accepted auditing standards and dealing with the proliferation of federal, state and local programs. The Department of Commerce stands ready to discuss its audit program with the Senate Local Government Committee at any time.

SUMMARY OF TOWN AUDIT COSTS

<u>Name of Town</u>	<u>Audit Fee Last Audit</u>	<u>Fiscal Yrs. Covered</u>	<u>Audit Cost Per Year</u>	<u>Total Cash Receipts for Period</u>	<u>Audit Cost as a Percentage of Total Receipts for Period</u>
Alberton*	\$ 2,790	3	\$ 930	\$ 192,829	1.4%
Bainville	1,810	2	905	148,114	1.2%
Bearcreek	550	2	275	25,096	2.2%
Belt*	2,125	1	2,125	246,166	.9%
Big Sandy*	2,060	2	1,030	319,762	.6%
Boulder	3,139	2	3,139	298,253	1.1%
Bridger	2,694	2	1,347	373,032	.7%
Broadus	3,734	2	1,867	956,271	.4%
Broadview	1,134	2	567	127,659	.9%
Brockton*	1,800	2	900	108,225	1.7%
Browning	3,760	2	1,880	630,727	.6%
Cascade*	1,195	1	1,195	178,270	.7%
Chester	4,202	2	2,101	899,267	.5%
Circle	2,850	2	1,425	463,145	.6%
Clyde Park*	1,800	2	900	97,259	1.9%
Columbus*	3,600	1	3,600	548,593	.7%
Culbertson	2,697	1	2,697	610,557	.4%
Darby	2,350	2	1,175	399,049	.6%
Denton	2,018	2	1,009	168,352	1.2%
Dodson	4,251	3	1,417	145,984	2.9%
Drummond	1,966	2	983	92,156	2.1%
Dutton	2,590	2	1,295	238,343	1.1%
Ekalaka	3,000	3	1,000	321,910	.9%
Ennis*	1,750	1	1,750	226,113	.8%
Eureka	3,006	2	1,503	477,700	.6%
Fairfield	2954	2	1,477	1,111,676	.3%
Fairview	4,471	3	1,490	1,429,423	.3%
Flaxville	3,375	4	844	139,528	2.4%
Froid	3,523	3	1,174	320,101	1.1%
Fromberg	2,122	2	1,061	179,127	1.2%
Geraldine* - Last State audit through FY79, contract audit information not available					
Grass Range	2,460	2	1,230	123,693	2.0%
Hingham	2,405	3	802	143,161	1.7%
Hobson	1,524	3	508	67,020	2.3%
Hot Springs	1,275	1	1,275	184,897	.7%
Hysham*	2,000	2	1,000	180,917	1.1%
Ismay	375	5	75	17,514	2.1%
Joliet	2,876	2	1,438	241,844	1.2%
Jordan	1,825	2	913	150,123	1.2%
Judith Gap*	625	1	625	50,901	1.2%
Kevin	4,888	3	1,629	290,912	1.7%
Lavina	1,650	3	550	36,002	4.6%
Lima	2,122	2	1,061	84,265	2.5%
Lodge Grass*	1,250	1	1,250	242,581	.5%
Manhattan*	1,800	1	1,800	250,524	.7%
Medicine Lake	2,668	2	1,334	313,469	.9%
Melstone	1,950	3	650	186,805	1.0%
Moore	1,700	2	850	61,232	2.8%
Nashua*	6,200	2	3,100	249,546	2.5%

Name of Town	Audit Fee Last Audit	Fiscal Yrs. Covered	Audit Cost Per Year	Total Cash Receipts for Period	as a Percentage of Total Receipts for Period
Neihart	\$ 810	1	\$ 810	\$ 43,193	1.9%
Opheim*	1,825	2	913	93,787	1.9%
Outlook	1,810	2	905	52,539	3.4%
Philipsburg	4,043	3	1,348	580,966	.7%
Plains	4,982	2	2,491	3,747,019	.1%
Plevna	3,185	3	1,062	130,538	2.4%
Rexford	1,602	2	801	53,127	3.0%
Richey*	1,350	1	1,350	34,324	3.9%
Ryegate*	1,325	1	1,325	67,075	2.0%
Saco	4,306	2	2,153	166,046	2.6%
St. Ignatius	3,032	2	1,516	1,600,782	.2%
Sheridan*	1,460	1	1,460	131,782	1.1%
Stanford	3,344	2	1,672	236,406	1.4%
Stevensville	2,700	2	1,350	965,415	.3%
Sunburst	2,408	5	482	1,956,052	.1%
Superior*	2,100	1	2,100	229,874	.9%
Terry	3,445	2	1,723	551,751	.6%
Thompson Falls*	3,000	1	3,000	723,951	.4%
Twin Bridges*	1,350	1	1,350	94,427	1.4%
Valier*	1,495	1	1,495	210,570	.7%
Virginia City	2,538	2	1,269	110,738	2.3%
Westby*	2,600	2	1,300	354,054	.7%
West Yellowstone*	1,550	1	1,550	410,789	.4%
Whitehall	2,850	2	1,425	514,545	.6%
Wibaux	3,942	2	1,971	762,482	.5%
Winifred	1,850	2	925	52,319	3.5%
Winnett	<u>2,700</u>	3	900	<u>331,128</u>	<u>.8%</u>
	\$ <u>186,511</u>			\$ <u>28,553,772</u>	<u>.65%</u>

*CPA conducted audits

Average Audit Cost - .65% of Cash Receipts for Period
Median Audit Cost - 1.1% of Cash Receipts for Period
High Audit Cost - 4.6% of Cash Receipts for Period
Low Audit Cost - .1% of Cash Receipts for Period

Rep. Brandewie said he was opposed to it. If it gets down to a shortage of land and if the people can't get along, he felt that a study resolution which takes away the rights to take care of the dispute, should not be used. The mechanics are already in place.

Question was called for and motion FAILED, with Rep. Kadas, Rep. Wallin and Rep. Switzer voting "yes" and all other members voting "no". Rep. Brown moved to reverse the vote to DO NOT PASS.

Rep. Kitselman made a substitute motion TO TABLE HJR 59, seconded by Rep. Brown. Motion CARRIED, with Rep. Fritz opposed.

Rep. Switzer then made a motion to reconsider action on SB 291 by taking it OFF THE TABLE. He said it affects the small towns. Rep. Brown seconded the motion. He said he voted to put it where it is in the first place, but felt it was right to bring it back.

Chairman Darko said she was willing to reconsider the committee's actions, and Rep. Switzer stated after hearing more from Sen. Hammond, he agreed. Rep. Wallin said he was opposed to it.

Rep. Switzer then moved that SB 291 BE CONCURRED IN, seconded by Rep. Brown. Question being called for, motion PASSED UNANIMOUSLY.

Chairman Darko told the committee they might be getting another bill on infrastructure from the Senate.

There being no further business before the committee, the meeting was adjourned at 5:50 p.m.

At that point, Rep. Sands addressed the committee only to let them know he wanted to be sure he had the last word in the meeting.



PAULA DARKO, Chairman

April 18, 19 85

MR. SPEAKER:We, your committee on LOCAL GOVERNMENThaving had under consideration SENATE Bill No. 291THIRD reading copy (BLUE)
colorSTATE AUDITS OF MUNICIPALITIES ON FIRST, SECOND,
THIRD CLASS CITIES ONLY.Respectfully report as follows: That SENATE Bill No. 291BE CONCURRED IN
DO PASS